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**THIBODAUX**  
**HEBERT**  
**DESHOTELS**  
**LEBLANC**  
**L.L.C.**

Certified Public Accountants

**THE FAMILY TREE INFORMATION, EDUCATION  
AND COUNSELING CENTER, INC.**

**AUDITED FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**For the Years Ended December 31, 2007 and 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/6/08

**935 Camellia Blvd. Suite 200  
Lafayette, Louisiana 70508**

**THE FAMILY TREE INFORMATION, EDUCATION  
AND COUNSELING CENTER, INC.**

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**INDEPENDENT AUDITORS' REPORT**

*Certified Public Accountants*

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The Officers and Directors  
The Family Tree Information, Education and  
Counseling Center, Inc.  
Lafayette, Louisiana

We have audited the accompanying statements of financial position of The Family Tree Information, Education and Counseling Center, Inc. (a non-profit organization) as of December 31, 2007 and 2006, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Family Tree Information, Education and Counseling Center, Inc. as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 25, 2008 on our consideration of The Family Tree Information, Education and Counseling Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

**INDEPENDENT AUDITORS' REPORT (Continued)**

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedules are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



CERTIFIED PUBLIC ACCOUNTANTS

June 25, 2008

# THE FAMILY TREE INFORMATION, EDUCATION AND COUNSELING CENTER, INC.

## STATEMENTS OF FINANCIAL POSITION December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Assets:		
Cash	\$148,019	\$100,243
Accounts receivable		
State contracts	68,931	12,196
Trade	11,609	17,331
Other	10,309	15,300
Investments, at fair market value	42,106	38,851
Prepaid expenses	8,702	10,446
Certificates of deposit-long-term - unrestricted	30,745	36,995
Certificates of deposit-long term - restricted	400,000	400,000
Property and equipment, net	73,108	76,517
Deposits	600	600
	<hr/>	<hr/>
Total assets	<u>\$794,129</u>	<u>\$708,479</u>
Liabilities and net assets:		
Accounts payable	\$16,807	\$12,816
Accrued salaries	24,646	-
Interest payable	4,033	4,033
Note payable, net of current portion	400,000	400,000
Total liabilities	<hr/> 445,486 <hr/>	<hr/> 416,849 <hr/>
Net assets:		
Unrestricted	348,643	291,630
Restricted	-	-
Total net assets	<hr/> 348,643 <hr/>	<hr/> 291,630 <hr/>
Total liabilities and net assets	<u>\$794,129</u>	<u>\$708,479</u>

*The accompanying notes are an integral part of these financial statements.*

# THE FAMILY TREE INFORMATION, EDUCATION AND COUNSELING CENTER, INC.

## STATEMENTS OF ACTIVITIES For the Years Ended December 31, 2007 and 2006

	2007	2007	2007	2006
	Unrestricted	Temporarily Restricted	Total	Total
Revenues, gains and other support:				
Counseling revenue	\$192,286	\$ -	\$192,286	\$262,534
Public support donations	14,770	-	14,770	31,829
United Way allocation	228,808	-	228,808	201,218
Fundraising	52,901	-	52,901	28,354
Grants and contracts	876,445	-	876,445	727,468
Program revenue	37,780	-	37,780	40,955
In-kind donations	104,279	-	104,279	110,191
Membership dues	-	-	-	1,095
Investment income	23,310	-	23,310	18,175
Other revenue	7,042	-	7,042	2,150
Total revenues, gains and other support	<u>1,537,621</u>	<u>-</u>	<u>1,537,621</u>	<u>1,423,969</u>
Expenses and losses:				
Program services	1,319,044	-	1,319,044	1,193,347
Fundraising	26,259	-	26,259	18,554
Administrative and general	135,305	-	135,305	131,906
Total expenses and losses	<u>1,480,608</u>	<u>-</u>	<u>1,480,608</u>	<u>1,343,807</u>
Increase in net assets	57,013	-	57,013	80,162
Net assets at beginning of year	<u>291,630</u>	<u>-</u>	<u>291,630</u>	<u>211,468</u>
Net assets at end of year	<u>\$348,643</u>	<u>\$ -</u>	<u>\$348,643</u>	<u>\$291,630</u>

*The accompanying notes are an integral part of these financial statements.*

# THE FAMILY TREE INFORMATION, EDUCATION AND COUNSELING CENTER, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES For the Years Ended December 31, 2007 and 2006

	2007			
	<u>Program Services</u>	<u>Fund Raising</u>	<u>Administrative and General</u>	<u>Total</u>
Advertising and marketing	\$98	\$ -	\$1,181	\$1,279
Bank charges	2	-	101	103
Conferences and meetings	12,887	-	4,102	16,989
Consultants	38,019	-	-	38,019
Default cost	41,169	-	-	41,169
Depreciation	19,215	-	2,135	21,350
Fundraising expense	-	26,259	-	26,259
In-kind donations	93,851	-	10,428	104,279
Insurance and benefits	78,474	-	8,719	87,193
Interest	15,888	-	112	16,000
Library	98	-	90	188
Maintenance	18,856	-	2,095	20,951
Membership dues	1,219	-	5,876	7,095
Miscellaneous	4,923	-	4,804	9,727
Newsletters and printing	5,784	-	5,158	10,942
Office supplies	1,366	-	286	1,652
Payroll taxes	61,267	-	3,970	65,237
Postage	941	-	3,082	4,023
Professional fees	55,160	-	10,502	65,662
Program supplies	32,826	-	5,183	38,009
Rent	14,733	-	-	14,733
Salaries and pension	785,792	-	54,698	840,490
Staff mileage	23,365	-	5,534	28,899
Telephone	10,070	-	7,107	17,177
Transportation	1,767	-	-	1,767
Utilities	1,274	-	142	1,416
Total expenses	<u>\$1,319,044</u>	<u>\$26,259</u>	<u>\$135,305</u>	<u>\$1,480,608</u>

## 2006

	<u>Program Services</u>	<u>Fund Raising</u>	<u>Administrative and General</u>	<u>Total</u>
Advertising and marketing	\$88	\$ -	\$1,063	\$1,151
Bank charges	2	-	110	112
Conferences and meetings	24,650	-	7,846	32,496
Consultants	39,759	-	-	39,759
Default cost	44,915	-	-	44,915
Depreciation	17,924	-	1,991	19,915
Fundraising expense	-	18,554	-	18,554
In-kind donations	99,172	-	11,019	110,191
Insurance and benefits	85,143	-	9,460	94,603
Interest	12,199	-	86	12,285
Library	614	-	562	1,176
Maintenance	16,680	-	1,853	18,533
Membership dues	1,114	-	5,369	6,483
Miscellaneous	5,501	-	5,369	10,870
Newsletters and printing	5,083	-	4,534	9,617
Office supplies	4,874	-	1,020	5,894
Payroll taxes	49,400	-	3,201	52,601
Postage	842	-	2,760	3,602
Professional fees	78,098	-	14,869	92,967
Program supplies	20,831	-	3,289	24,120
Rent	13,274	-	-	13,274
Salaries and pension	637,132	-	44,350	681,482
Staff mileage	23,838	-	5,646	29,484
Telephone	10,432	-	7,363	17,795
Transportation	463	-	-	463
Utilities	1,319	-	146	1,465
Total expenses	<u>\$1,193,347</u>	<u>\$18,554</u>	<u>\$131,906</u>	<u>\$1,343,807</u>

*The accompanying notes are an integral part of these financial statements.*

# THE FAMILY TREE INFORMATION, EDUCATION AND COUNSELING CENTER, INC.

## STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Change in net assets	\$57,013	\$80,162
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	21,350	19,915
Net realized and unrealized gain on investments	(2,035)	(2,933)
Changes in assets and liabilities:		
Accounts receivable	(46,022)	8,725
Prepaid expenses	1,744	(3,910)
Accounts payable	3,991	(89,289)
Accrued salaries	24,646	-
Interest payable	-	(655)
Net cash provided by operating activities	<u>60,687</u>	<u>12,015</u>
Cash flows from investing activities:		
Purchase of investments	(1,220)	(168)
Procees from sale of certificates of deposit	6,250	-
Purchase of certificates of deposit	-	(91,337)
Purchase of property and equipment	(17,941)	(5,749)
Net cash used in investing activities	<u>(12,911)</u>	<u>(97,254)</u>
Cash flows from financing activities:		
Proceeds from issuance of debt	-	90,000
Net increase in cash	47,776	4,761
Cash at beginning of year	<u>100,243</u>	<u>95,482</u>
Cash at end of year	<u><u>\$148,019</u></u>	<u><u>\$100,243</u></u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	<u><u>\$16,000</u></u>	<u><u>\$12,940</u></u>

*The accompanying notes are an integral part of these financial statements.*

# THE FAMILY TREE INFORMATION, EDUCATION AND COUNSELING CENTER, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1: ORGANIZATION

The Family Tree Information, Education and Counseling Center, Inc., a nonprofit corporation, was established in 1979 to support, strengthen, and enlighten family life. The Center focuses on providing support through educational programs and counseling services. The Center's services are available to residents of Lafayette, Vermilion, St. Landry, St. Mary, St. Martin, Iberia, Acadia and Evangeline parishes.

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Method of Accounting

Assets and liabilities, and revenues and expenses, are recognized on the accrual basis of accounting.

#### Property and Equipment

Property and equipment are stated at cost. Expenditures for property and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost and depreciated. Routine expenditures for repairs and maintenance are expensed as incurred. The cost and related accumulated depreciation of property and equipment disposed of are eliminated from the accounts, and any resulting gain or loss is recognized.

Depreciation is provided utilizing the straight-line method. Depreciation expense amounted to \$21,350 and \$19,915 for the years ended December 31, 2007 and 2006, respectively.

#### Restricted Deposits

The Center has a certificate of deposit with a balance of \$400,000 at December 31, 2007 that serves as collateral for loans issued through the Ways to Work program, as described in Note 8.

#### Cash Flows

For purposes of the statement of cash flows, the Center considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Accounts Receivable

The Center considers accounts receivable to be fully collectible; accordingly no allowance for doubtful accounts is required. Trade credit is generally extended on a short-term basis; thus receivables do not bear interest. Trade accounts receivable are periodically evaluated for collectibility, and are charged against fees allowance when they are deemed uncollectible.

## THE FAMILY TREE INFORMATION, EDUCATION AND COUNSELING CENTER, INC.

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Advertising

Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. The costs of direct-response advertising are capitalized and amortized over the period during which future benefits are expected to be received. Advertising expense charged to member services amounted to \$1,279 and \$1,151 for the years ending December 31, 2007 and 2006, respectively.

##### Income Taxes

The Center is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

##### Donor-Restricted Funds

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases these asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Center reports the support as unrestricted.

Contributed property and equipment is recorded at fair value at the date of donation. In the absence of donor-imposed stipulations regarding how long the contributed assets must be used, the organization has adopted a policy of implying a time restriction on contributions of such assets that expires over the assets' useful lives; consequently, contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as unrestricted support.

##### Credit Risk

Financial instruments that potentially subject the Center to credit risk include cash and certificates of deposit. Cash and certificates of deposit are secured by the FDIC up to \$100,000 per institution. At December 31, 2007, the Center exceeded the insured limit by approximately \$529,143.

#### NOTE 3: DONATED SERVICES AND FACILITIES

The Center occupies a building at 605 West St. Mary Boulevard under an agreement with Our Lady of Lourdes Regional Medical Center. No rent or utilities are paid by the Center. The Landlord has estimated the approximate fair value of the annual rental to be \$84,310 and the fair value of the utilities to be \$4,080 for the years ended December 31, 2007 and 2006. Also, the Center receives donated services from a local bank associated with the Ways to Work program. The Center has estimated the approximate fair value of the services to be \$15,889 and \$21,801 for the years ended December 31, 2007 and 2006, respectively. These amounts have been recorded as in-kind donations and expenses on the statement of activities.

# THE FAMILY TREE INFORMATION, EDUCATION AND COUNSELING CENTER, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4: PROPERTY AND EQUIPMENT

At December 31, 2007 and 2006, property and equipment and the related accumulated depreciation consist of the following:

	<u>2007</u>	<u>2006</u>
Office furniture and equipment	\$170,308	\$158,567
Leasehold improvements	49,500	43,300
	<u>219,808</u>	<u>201,867</u>
Less: accumulated depreciation	146,700	125,350
Property and equipment, net	<u>\$73,108</u>	<u>\$76,517</u>

### NOTE 5: NOTES PAYABLE

The following is a summary of notes payable at December 31, 2007 and 2006.

	<u>2007</u>	<u>2006</u>
Ways to Work, Inc., \$400,000 note dated March 21, 2007, due May 29, 2009, interest only payments until May 29, 2009, interest rate 4.00%, secured by certificate of deposit	\$400,000	\$400,000
Less: Current portion	<u>-</u>	<u>-</u>
Long-term portion	<u>\$400,000</u>	<u>\$400,000</u>

Following are maturities of long-term debt for each of the next 5 years:

2008	\$ -
2009	400,000
2010	-
2011	-
Thereafter	-
Total	<u>\$400,000</u>

At December 31, 2007, the Company had \$30,000 in unused lines of credit with Iberia Bank at an interest rate of 7.75%.

# THE FAMILY TREE INFORMATION, EDUCATION AND COUNSELING CENTER, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6: INVESTMENTS

Investments are comprised of equity funds and are recorded at fair value. Investments as of December 31, 2007 and 2006 are summarized as follows:

	<u>2007</u>	<u>2006</u>
Equity funds	<u>\$42,106</u>	<u>\$38,851</u>

For the years ended December 31, 2007 and 2006, net realized and unrealized gains on unrestricted investments were \$2,035 and \$2,933, respectively.

The Center maintains investments at one institution. Balances are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000. At December 31, 2007, the Center's investments were fully insured by the SIPC.

### NOTE 7: COUNSELING REVENUE

Counseling revenues are shown net of fees allowance. Fees allowance is computed with a sliding fee scale that adjust counseling fees according to each patient's household income.

	<u>2007</u>	<u>2006</u>
Counseling fees, gross	\$347,383	\$447,409
Less: Fees allowance	<u>155,097</u>	<u>184,875</u>
Counseling revenues, net	<u>\$192,286</u>	<u>\$262,534</u>

### NOTE 8: WAYS TO WORK PROGRAM

As of December 31, 2007, the Center has borrowed \$400,000 from Ways to Work, Inc., an affiliate of Alliance for Children and Families, to fund the collateral pool for the Ways to Work Program. The purpose of this program is to qualify parents for modest loans to enable an automobile purchase or repair. The Center has partnered with a local bank and various local charities have donated cash and services to fund operations of the program. The \$400,000 loan serves as collateral on the individual loans and is restricted.

# **THE FAMILY TREE INFORMATION, EDUCATION AND COUNSELING CENTER, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 9: OPERATING LEASES**

The Center leases office space in a medical office building. Minimum future rental payments under a lease agreement having a remaining term in excess of one year as of December 31, 2007 and for each of the next five years and in the aggregate are as follows:

<u>Year Ended December 31</u>	<u>Minimum Rental Payments</u>
2007	\$13,993
2008	13,181
2009	-
2010	-
2011	-
Total	<u>\$27,174</u>

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON**  
**COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF**  
**FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH**  
**GOVERNMENTAL AUDITING STANDARDS**

The Officers and Directors  
The Family Tree Information, Education and  
Counseling Center, Inc.  
Lafayette, Louisiana

We have audited the financial statements of The Family Tree Information, Education and Counseling Center, Inc. as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated June 25, 2008. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered The Family Tree Information, Education and Counseling Center, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENTAL AUDITING STANDARDS (Continued)**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The Family Tree Information, Education and Counseling Center, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the board of directors, management, and awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
CERTIFIED PUBLIC ACCOUNTANTS

June 25, 2008

**THIBODAUX**  
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PAGE 15

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

The Officers and Directors  
The Family Tree Information, Education and  
Counseling Center, Inc.  
Lafayette, Louisiana

**Compliance**

We have audited the compliance of The Family Tree Information, Education and Counseling Center, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. The Family Tree Information, Education and Counseling Center, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of The Family Tree Information, Education and Counseling Center, Inc.'s management. Our responsibility is to express an opinion on The Family Tree Information, Education and Counseling Center, Inc.'s compliance based on our audits.

We conducted our audits of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audits to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Family Tree Information, Education and Counseling Center, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinion. Our audits do not provide a legal determination of The Family Tree Information, Education and Counseling Center, Inc.'s compliance with those requirements.

In our opinion, The Family Tree Information, Education and Counseling Center, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133 (Continued)**

**Internal Control Over Compliance**

The management of The Family Tree Information, Education and Counseling Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audits, we considered The Family Tree Information, Education and Counseling Center, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Family Tree Information, Education and Counseling Center, Inc.'s internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the board of directors, management and awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

June 25, 2008

# THE FAMILY TREE INFORMATION, EDUCATION AND COUNSELING CENTER, INC.

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended December 31, 2007

	<b>Federal CFDA Number</b>	<b><u>Expenditures</u></b>
<b><u>FEDERAL GRANTOR</u></b>		
U.S. Department of Health and Human Services		
Direct programs:		
Healthy Start Initiative	93.926	\$508,499
<b>TOTAL FEDERAL EXPENDITURES</b>		<b><u>\$508,499</u></b>

### **BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The Family Tree Information, Education and Counseling Center, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

# THE FAMILY TREE INFORMATION, EDUCATION AND COUNSELING CENTER, INC.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2007

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### Section I-Summary of Auditor's Results

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#### Financial Statements

Type of Auditors report issued: Unqualified

Internal control over financial reporting:

\*Material weakness(es) identified? \_\_\_\_\_ yes        X   no

\*Reportable conditions(s) identified  
that are not considered to be  
material weakness(es)? \_\_\_\_\_ yes        X   none reported

Noncompliance material to financial  
statements noted? \_\_\_\_\_ yes        X   no

#### Federal Awards

Internal control over major programs:

\*Material weakness(es) identified? \_\_\_\_\_ yes        X   no

\*Reportable condition(s) identified  
that are not considered to be material  
weakness(es)? \_\_\_\_\_ yes        X   none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are  
required to be reported in accordance  
with section 510(a) of Circular A-133? \_\_\_\_\_ yes        X   no

**THE FAMILY TREE INFORMATION, EDUCATION  
AND COUNSELING CENTER, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2007**

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**Section I-Summary of Auditor's Results (Continued)**

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**Major Programs**

**CFDA Number**

93.926

**Name of Federal Program**

Healthy Start Initiative

Dollar threshold used to distinguish  
between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

  X   yes        no

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**Section II-Findings-Financial Statements Audit**

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None

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**Section III-Findings and Questioned Costs-Major Federal Award Programs Audit**

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None